FINANCIAL STATEMENTS

1988

Regional Municipality of Halton
P.O. Box 7000, 1151 Bronte Road,
Oakville, Ontario L6J 6E1
(416) 827-2151

THE REGIONAL MUNICIPALITY OF HALTON

FINANCIAL STATEMENTS

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THE REGIONAL MUNICIPALITY OF HALTON
MANAGEMENT REPORT

The management of The Regional Municipality of Halton is responsible for the integrity, objectivity and accuracy of the financial information presented in the accompanying financial statements. These statements consolidate all operations for which Halton has legislative and financial responsibility.

The financial statements have been prepared by management in accordance with accounting principles prescribed for Ontario municipalities. A summary of the significant accounting policies are disclosed in Note 1 to the financial statements.

To meet its responsibility, management maintains comprehensive financial and internal control systems designed to ensure the proper authorization of transactions, the safeguarding of assets and the integrity of the financial data. The controls provide for an organization structure which effectively segregates responsibilities, includes delegation of authority and accountability, employs highly qualified professional staff, and develops corporate policies and procedures which are continually reviewed. The systems are also characterized by sound budget control which reflects accountability within delineated areas of responsibilities, as well as a continuing program of internal audit.

The Administration and Finance Committee, which consists of nine members of Council, reviews and approves the financial statements before such statements are submitted to Council and published for the residents of Halton. As mandated by resolution of Council, the internal and external auditors have access to and regularly meet with, the Administration and Finance Committee to discuss their audits and the results of their examination.

The 1988 Financial Statements have been examined by Halton's external auditors, Peat Marwick, Chartered Accountants, and their report precedes the financial statements.

Joseph Rinaldo

J.L. Rinaldo
Commissioner of Finance
and Regional Treasurer

Oakville, Canada
February 27, 1989

KPMG Peat Marwick

Chartered Accountants

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Burlington, Ontario L7N 3M6

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AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of The Regional Municipality of Halton:

We have examined the consolidated balance sheet of the Corporation of The Regional Municipality of Halton as at December 31, 1988 and the consolidated statement of operations for the year then ended. In addition, we have examined the statements of current operations, capital operations, and reserves and reserve funds for the year ended December 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation of The Regional Municipality of Halton as at December 31, 1988 and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied, after giving retroactive effect to the change in the method of accounting for foreign exchange on long term liabilities as described in note 2 to the financial statements, on a basis consistent with that of the preceding year.

Peat Marwick

Chartered Accountants

Burlington, Canada
February 27, 1989

THE REGIONAL MUNICIPALITY OF HALTON
CONSOLIDATED BALANCE SHEET
as at December 31, 1988
(with comparative figures as at December 31, 1987)

	(Dollars in Thousands)	
	1988	1987
ASSETS		
Unrestricted		
Cash and short term investments (Note 1 (c))	$ 47,114	$ 36,986
Accounts receivable		
Ontario grants	5,128	5,912
Utilities	6,253	6,181
Other	7,912	4,016
Other current assets	1,595	1,361
	68,002	54,456
Restricted		
Cash and short term investments (Note 1 (c))	47,678	39,765
Capital outlay to be recovered in future years (Note 2)	58,532	59,002
	$ 174,212	$ 153,223
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 25,612	$ 19,550
Long term		
Long term liabilities (Notes 3, 4 and 5)	58,148	57,714
Add unrealized loss on foreign exchange (Note 2)	384	1,288
Net long term liabilities	58,532	59,002
	84,144	78,552
MUNICIPAL EQUITY		
Net unexpended capital financing (Note 11)	17,560	15,549
Reserves	24,830	19,357
Reserve funds	47,678	39,765
	90,068	74,671
	$ 174,212	$ 153,223

See accompanying notes to financial statements.

THE REGIONAL MUNICIPALITY OF HALTON
CONSOLIDATED STATEMENT OF OPERATIONS
for the year ended December 31, 1988
(with comparative figures for 1987)

	(Dollars in Thousands)	
	1988	1987
FINANCING		
Taxation and user charges		
Property taxes	$ 37,473	$ 34,083
Water billings	16,950	15,933
Sewer surcharge	18,349	17,516
Solid waste disposal fees	10,949	7,602
Home for the aged resident fees	2,805	2,761
Other user charges	5,398	5,095
Grants		
Ontario - Conditional	28,439	23,629
- Unconditional	12,567	11,479
Canada	50	54
Other		
Lot levies and contributions from developers	18,865	18,218
Investment income	8,782	6,729
Other	1,864	1,569
Revenue financing	162,491	144,668
Long term debt issued	9,059	6,178
TOTAL FINANCING	171,550	150,846
EXPENDITURE		
General government	6,452	5,036
Protection to persons and property	28,505	25,130
Transportation services	8,953	6,796
Environmental services	78,503	63,229
Health services	7,327	7,646
Social and family services	23,645	20,944
Recreation and cultural services	877	936
Planning and development	1,891	1,643
TOTAL EXPENDITURE	156,153	131,360
NET INCREASE IN MUNICIPAL EQUITY	15,397	19,486
Municipal equity at the beginning of year	74,671	55,185
MUNICIPAL EQUITY AT THE END OF YEAR	$ 90,068	$ 74,671

See accompanying notes to financial statements.

THE REGIONAL MUNICIPALITY OF HALTON
STATEMENT OF CURRENT OPERATIONS

for the year ended December 31, 1988
(with comparative figures for 1987)

(Dollars in Thousands)

	1988 BUDGET	1988 ACTUAL	1987 ACTUAL
REVENUE			
Taxation and user charges			
Property taxes	$ 36,369	$ 37,473	$ 34,083
Water billings	14,733	16,950	15,933
Sewer surcharge	17,685	18,349	17,516
Solid waste disposal fees	10,968	10,949	7,602
Home for the aged resident fees	2,847	2,805	2,761
Other user charges	4,794	5,398	5,095
Grants			
Ontario - Conditional	20,121	20,441	17,597
- Unconditional	12,406	12,567	11,479
Canada	52	50	54
Other			
Investment income	801	1,470	1,200
TOTAL REVENUE	120,776	126,452	113,320
EXPENDITURE			
General government	5,327	5,360	4,738
Protection to persons and property	26,615	26,726	24,469
Transportation services	2,518	2,633	2,674
Environmental services	45,787	44,284	38,497
Health services	6,023	6,058	5,484
Social and family services	23,670	23,238	20,608
Recreation and cultural services	659	613	589
Planning and development	1,864	1,781	1,551
TOTAL EXPENDITURE	112,463	110,693	98,610
NET REVENUE BEFORE TRANSFERS	8,313	15,759	14,710
NET TRANSFERS TO (FROM)			
Capital operations	10,558	8,987	6,965
Reserves and reserve funds	(2,245)	(742)	272
TOTAL NET TRANSFERS	8,313	8,245	7,237
ACCUMULATED SURPLUS FOR THE YEAR	$ ---	$ 7,514	$ 7,473
Derived from:			
Tax supported programs	---	2,893	2,368
Utilities - water	---	2,611	2,353
- sewer	---	784	1,454
- solid waste	---	1,226	1,298
ACCUMULATED SURPLUS TRANSFERRED TO RESERVES	$ ---	$ 7,514	$ 7,473

See accompanying notes to financial statements.

THE REGIONAL MUNICIPALITY OF HALTON
STATEMENT OF CAPITAL OPERATIONS
for the year ended December 31, 1988
(with comparative figures for 1987)

	(Dollars in Thousands)	
	1988	1987
FINANCING		
Grants		
Ontario	$ 7,998	$ 6,032
Other revenues		
Contributions from developers	7,179	7,412
Investment income	1,339	1,164
Other	1,864	1,569
Revenue financing	18,380	16,177
Long term debt issued	9,059	6,178
TOTAL FINANCING	27,439	22,355
EXPENDITURE		
General government	1,092	298
Protection to persons and property	1,779	661
Transportation services	6,320	4,122
Environmental services	34,219	24,732
Health services	1,269	2,162
Social and family services	407	336
Recreation, cultural and planning services	374	439
TOTAL EXPENDITURE	45,460	32,750
NET EXPENDITURE BEFORE TRANSFERS	(18,021)	(10,395)
NET TRANSFERS FROM		
Current operations	8,987	6,965
Reserves and reserve funds	11,045	8,100
TOTAL NET TRANSFERS FROM OTHER FUNDS	20,032	15,065
NET INCREASE IN UNEXPENDED CAPITAL FINANCING	2,011	4,670
Net unexpended capital financing at the beginning of the year	15,549	10,879
NET UNEXPENDED CAPITAL FINANCING AT THE END OF THE YEAR	$ 17,560	$ 15,549

See accompanying notes to financial statements.

THE REGIONAL MUNICIPALITY OF HALTON
STATEMENT OF RESERVES AND RESERVE FUNDS

for the year ended December 31, 1988
(with comparative figures for 1987)

	(Dollars in Thousands)	
	1988	1987
REVENUE		
Lot levies	$ 11,686	$ 10,806
Investment income	5,973	4,365
TOTAL REVENUE BEFORE TRANSFERS	17,659	15,171
NET TRANSFERS TO (FROM)		
Capital operations	11,045	8,100
Current operations:		
Accumulated surplus for the year	(7,514)	(7,473)
Transfers during the year	742	(272)
TOTAL TRANSFERS TO OTHER FUNDS	4,273	355
NET INCREASE IN RESERVES AND RESERVE FUNDS	13,386	14,816
Balance at the beginning of the year	59,122	44,306
BALANCE AT THE END OF THE YEAR	$ 72,508	$ 59,122
ANALYZED AS FOLLOWS:		
RESERVES		
Utility rate stabilization	$ 7,624	$ 7,497
Capital - tax supported	5,195	3,707
Capital - utilities	7,097	3,047
Working funds	2,039	2,039
Replacement of equipment	1,114	1,498
Contingencies	888	846
Other	873	723
	24,830	19,357
RESERVE FUNDS		
Lot levies	37,776	31,421
Energy from waste	4,385	3,112
Workers' compensation	2,173	1,985
Sick leave	1,144	1,216
Self-insurance	1,509	1,302
Other	691	729
	47,678	39,765
TOTAL RESERVES AND RESERVE FUNDS	$ 72,508	$ 59,122

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Statements

(i) Consolidated Statements

The Consolidated Balance Sheet and the Consolidated Statement of Operations for The Regional Municipality of Halton (Halton) have been prepared in accordance with accounting principles prescribed for municipalities by the Province of Ontario.

The Consolidated Balance Sheet presents the balances of assets, liabilities and municipal equity as at December 31, 1988. The assets are segregated by restricted and unrestricted categories. The restricted assets are those of the reserve funds and have been set aside for specific purposes either by legislation or by Council.

The Consolidated Statement of Operations presents the total 1988 Regional operations. This statement consolidates the revenues and expenditures (exclusive of interfund transfers) reported on the Statements of Current Operations, Capital Operations and Reserves and Reserve Funds.

(ii) Statements of Current Operations, Capital Operations and Reserves and Reserve Funds

The Statements of Current Operations, Capital Operations and Reserves and Reserve Funds have been prepared in accordance with accounting principles prescribed for Ontario municipalities except that they reflect interfund transfers which are reported separately in these statements.

For accounting and reporting purposes, Halton segregates funds arising from the current operations, capital operations and reserves and reserve funds. These statements are included in order to provide additional information relevant to the understanding of the financial activities of The Regional Municipality of Halton.

The accounting principles in these financial statements have been applied, after giving retroactive effect to the change in method of accounting for foreign exchange on long term liabilities as described in note 2 to the financial statements, on a basis consistent with that of the preceding year. The statements necessarily include some amounts which are based on management's best estimates and judgements.

(b) Basis of Consolidation

The financial statements consolidate the financial activities of the current and capital operations, and reserves and reserve funds of Halton, its utilities, and the Halton Regional Police Force. Utilities, which are recovered exclusively from revenues derived from user charges, consist of the water treatment and distribution system, the sanitary sewage collection and treatment system, and the solid waste disposal operation.

The financial activities of Halton's Children's Aid Society, the local Area Hospitals, the Halton Development & Non-Profit Housing Accommodation Corporation and the Conservation Authorities, are excluded from these financial statements except to the extent of Halton's contributions to these autonomous boards. In addition, Regionally administered programs (such as Home Care), which are fully funded by the Province of Ontario on the basis of a March 31 year-end, are excluded from these statements.

Trust Funds of the residents of Halton Centennial Manor, which are administered by Halton, have not been included in the financial statements, but are reported separately on the Trust Funds Statement of Continuity and Balance Sheet.

All interfund assets and liabilities, and interfund transfers (except for interest and interfund loans) have been eliminated in the consolidated statements.

(c) Basis of Accounting

(I) Accrual Basis of Accounting

Halton follows the accrual method of accounting for revenues and expenditures except for expenditure for vested sick leave benefits (note 7). Revenues are normally recognized in the year in which they are earned. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services.

In the case of grants from other governments, revenue recognition normally occurs when Halton has incurred the expenditures to which the grant entitlement is attached, or has otherwise met the necessary requirements upon which entitlement to the grant is based.

In certain cases, primarily revenues received for capital projects from other levels of government, advances may be made once approvals are given by other governments and certain conditions are met by Halton. To the extent that the related capital expenditure has not been incurred at the end of the year, any receipts in excess of the grant actually earned are included in net unexpended capital financing.

(ii) **Fixed Assets**

The historical cost and accumulated depreciation for fixed assets are not reported on the Consolidated Balance Sheet. Fixed asset purchases are reported as expenditures in the year of acquisition. Fixed asset expenditures are financed from current revenues, issuance of long term debt, reserves and reserve funds, Ontario grants, contributions from developers and other sources.

(iii) **Capital Outlay To Be Recovered In Future Years**

Capital outlay to be recovered in future years represents the outstanding principle portion of unmatured long term debt and unrealized foreign exchange gains (losses) on unmatured long term debt, and is reported on the Consolidated Balance Sheet.

(iv) **Net Long Term Liabilities**

Principal payments are charged against current operations as they are paid. Interest is charged against current operations as it is incurred.

(v) **Foreign Currency Translation**

Included in net long term liabilities are debentures issued in U.S. dollars. Such debt is carried in the accounts at historical exchange rates which prevailed at the time of their original issue. At year end, these obligations are converted to their Canadian dollar equivalent using prevailing rates of exchange. The resulting unrealized gain (loss) is deducted from (added to) long term liabilities with the corresponding offsetting entry to capital outlay to be recovered in future years. Gains and losses on foreign currency transactions are charged to operations when they are realized.

(vi) **Reserves and Reserve Funds**

Halton follows the practice of setting aside amounts by the transfer of current surplus and appropriating revenues into reserves and reserve funds which are retained for general and specific purposes. These reserves and reserve funds are established by Council resolution or by-law and are available for future uses. Amounts are only expended in accordance with the terms and policies established by Council. Expenditures in respect of items for which the reserves have been created are reported as expenditures on the Statements of Current and Capital Operations as they are incurred. Corresponding transfers are reported out of the Statement of Reserves and Reserve Funds.

The Lot Levy Reserve Fund represents levies collected from developers of new residential development. These funds have been set aside, as required by legislation and agreements, to defray the cost of growth related capital projects associated with new residential development.

(vii) Short Term Investments

Short term investments of $94,628,737 (1987 - $78,164,000) are carried at cost. The investments have a market value of $94,339,082 (1987 - $78,319,000) at the end of the year.

2. CHANGE IN ACCOUNTING POLICY

During the year Halton adopted, on a retroactive basis, the new method of accounting for foreign exchange on long term liabilities as recommended by the Province of Ontario.

As a result of this change, both capital outlay to be recovered in future years and net long term liabilities have been increased by an unrealized foreign exchange loss of $384,000 as at December 31, 1988 (1987 - $1,288,000) to reflect the impact of the year end prevailing exchange rates on the outstanding U.S. debentures.

3. LONG TERM LIABILITIES

In addition to the long term liabilities incurred directly, Halton has assumed the responsibility of servicing the liabilities originally issued by local municipalities in respect of functions which are a Regional responsibility.

As well as issuing long term liabilities for Regional purposes, Halton also issues long term liabilities on behalf of the Area Municipalities and their Hydro-Electric Commissions, and the School Boards. The responsibility for raising the amounts required to service these liabilities lies with the respective Area Municipalities and their Hydro-Electric Commissions, and School Boards.

The balance of long term liabilities is made up of the following:

(Dollars in Thousands)

	1988	1987
Long term liabilities incurred by Halton	$127,807	$111,963
Long term liabilities incurred by Area Municipalities and assumed by Halton	2,210	3,180
Total long term liabilities	130,017	115,143
Long term liabilities incurred by Halton and recoverable from:		
Area Municipalities:		
General municipal purposes	26,393	27,027
Hydro-Electric Commissions	11,150	8,552
School Boards	34,326	21,850
Total recoverable long term liabilities	71,869	57,429
Halton's long term liabilities at the end of the year	$ 58,148	$ 57,714

Halton's long term liabilities at the end of the year are to be recovered from:

(Dollars in Thousands)

	1988	1987
Property taxes	$ 5,756	$ 6,590
Water billings	18,459	20,673
Sewer surcharge	29,206	26,873
Solid waste disposal fees	2,306	687
Reserve funds	541	610
Special charges on benefitting landowners	1,880	2,281
	$58,148	$57,714

4. LONG TERM LIABILITIES PAYABLE IN U.S. CURRENCY

Included in the outstanding long term liabilities are obligations payable in U.S. currency expressed in Canadian dollars at U.S. exchange rates prevailing at the time of issue.

(Dollars in Thousands)

	1988	1987
Long term liabilities incurred by Halton	$11,312	$13,842
Long term liabilities for which other governments have assumed resposibility	(4,273)	(4,908)
	$ 7,039	$ 8,934

If the total long term liabilities were translated into Canadian dollars at the exchange rate prevailing as at December 31, 1988, the total liability would be increased by $919,000 of which $384,000 would be Halton's share. This amount has been recorded on the Consolidated Balance Sheet as an unrealized foreign exchange loss. An amount of $660,000 has been provided for Halton's share of the foreign exchange loss in a reserve fund.

5. CHARGES FOR LONG TERM LIABILITIES

The charges for the year required to service the long term liabilities are:

(Dollars in Thousands)

	1988	1987
Principal	$ 8,372	$ 8,798
Interest and U.S. exchange	5,750	5,805
	$14,122	$14,603

The charges shown above were recovered as follows:

	1988	1987
Property taxes	$ 1,532	$ 1,636
Utility revenues and special charges on benefitting landowners	12,452	12,831
Reserve funds	138	136
	$14,122	$14,603

The amounts required for principal and interest for long term liabilities for 1989 and future years are as follows:

(Dollars in Thousands)

	Principal	Interest	Total
1989	$ 8,594	$ 5,074	$13,668
1990	8,304	4,256	12,560
1991	6,665	3,538	10,203
1992	6,470	3,008	9,478
1993	6,439	2,465	8,904
1994 - 1998	21,676	5,580	27,256
	$58,148	$23,921	$82,069

Sinking fund debentures, issued in 1988, in the amount of $5,357,000 mature in 1998 and therefore are included in the 1998 principal repayments. These debentures have a one time early redemption privilege, exercisable at the holders' option in 1993. If this privilege is exercised by some or all of the bond holders, the 1993 principal repayment would be increased by a maximum of $5,357,000 and the 1998 principal repayments would be decreased by the same amount. Interest on these debentures is paid semi-annually.

A sinking fund will be established in 1989 to finance the repayment of the sinking fund debentures in 1998. The Region is committed to make annual payments to the sinking fund of $369,791 over the ten year period.

6. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

(a) Halton has outstanding contractual obligations of $40,249,000 for capital works and $620,000 for current operations other than those included in note 6(b). Regional Council has already authorized the required financing for these obligations.

(b) Halton has entered into several contractual obligations to carry out the operations of its Solid Waste Disposal Program until such time as a new landfill site is approved and developed. These contracts, with a combined commitment of $12,007,000, are for the provision and operation of solid waste transfer stations, the transportation of solid waste to disposal sites and for the disposal of solid waste outside of Halton.

(c) Halton has entered into operating leases for various office premises and equipment requiring the following payments over the next five years:

1989	-	$967,000
1990	-	866,000
1991	-	766,000
1992	-	336,000
1993	-	311,000

(d) Halton is committed to finance future expenditures of $10,272,000 from the reserves and reserve funds.

7. LIABILITY FOR VESTED SICK LEAVE

Under a former sick leave benefit plan, some employees hired prior to January 1, 1974 are entitled to receive cash payments for unused sick leave upon termination of employment. The unrecorded liability for these accumulated days amounted to $1,728,000 as at December 31, 1988 (1987 - $1,803,000). Halton has established a reserve fund for this liability which as at December 31, 1988 totaled $1,144,000 (1987 - $1,216,000) and is reported on the Statement of Reserves and Reserve Funds as the Sick Leave Reserve Fund. In 1988, Council approved a plan to finance the balance of this liability by annual contributions of $15,000 from property tax revenues over the next 13 years. The financing plan is to be reviewed each year.

In 1988, payments out of the vested sick leave plan amounted to $214,000 (1987 - $352,000) and have been reported as expenditures on the Consolidated Statement of Operations. A corresponding transfer from the Sick Leave Reserve Fund has been made to the Statement of Current Operations.

Anticipated payments over the next five years to employees who are eligible are:

1989	-	$420,000
1990	-	--
1991	-	86,000
1992	-	31,000
1993	-	--

8. PENSION AGREEMENTS

Halton makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all its permanent staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay.

The amount contributed to OMERS in 1988 was $2,538,000 (1987 - $2,285,000) for current service and is included as an expenditure on the Consolidated Statement of Operations.

Under the "past service provisions" of the OMERS agreement, Halton is obliged as at December 31, 1988 for an amount of approximately $977,000 (1987 - $1,320,000) as established by the plan. No provision has been made on the Consolidated Balance Sheet for this liability. The balance of this liability will be funded by annual payments of $162,000 over the next six years and $58,000 per year from 1995 to the year 2000. These payments will be financed from general revenues derived from property taxes and utility rates. The amounts provided for past service are reported as expenditures on the Consolidated Statement of Operations.

In 1988, Halton was notified that it has a $609,000 surplus in one of its Police past service funds. OMERS has given Halton the following options for the disposition of this surplus:

(i) Do nothing.

(ii) Suspend special future service contributions for the Police (in 1988 these special payments amounted to $18,000).

(iii) Retire other existing Police past service liabilities (as at December 31, 1988 the past service liability for Police was $498,000).

(iv) Apply it to the 1989 basic plan contribution for Police.

Cash withdrawal of the amount is not an option. Halton has until March 31, 1989 to notify OMERS as to the desired disposition of the surplus. No provision has been made on the Consolidated Balance Sheet for this amount.

The last actuarial evaluation of OMERS was conducted as at January 1, 1987 and revealed an actuarial surplus.

9. CONTINGENT LIABILITIES

(a) Halton has assumed the liability for any costs awarded under the Workers' Compensation Act. An amount of $2,173,000 has been provided for this liability and is reported as a reserve fund. An actuarial evaluation undertaken in 1983 determined that the reserve fund was sufficient to meet the obligations for workers' compensation.

(b) Certain claims against Halton with regard to the Expropriation Act, and other matters, are currently outstanding. The outcome and potential liability of these claims are yet to be determined and therefore no provision has been made.

(c) Halton has entered into an agreement, which expires on March 31, 2000 with the Province of Ontario for the management of its forest areas. Under the agreement, Halton is contingently liable to pay for the cost of managing these forests if the agreement is terminated. At the year-end the accumulated cost was $203,000.

10. DEVELOPMENT AGREEMENTS

Under the terms of certain preliminary development agreements pertaining to the financing, servicing and construction of related Regional water and sewer infrastructure, a number of developers have provided capital financing for these works in an amount in excess of the normal requirements of Halton's lot levy policy. Under these agreements, Halton has undertaken, whenever possible:

(i) To require subsequent residential developers who benefit from these works to share in this excess financing, and/or

(ii) To repay this excess financing to these developers by the appropriate portion of future lot levies as they are collected from subsequent residential developers.

The amount of such capital financing will be recovered, whenever possible, from subsequent developers. As at December 31, 1988, this excess financing amounted to $12,963,000 (1987 - $6,687,000).

11. NET UNEXPENDED CAPITAL FINANCING

Net unexpended capital financing represents the net financial position of all capital projects as at December 31, and is analyzed as follows:

(Dollars in Thousands)

	1988	1987
Capital financing received in advance of expenditures	$(27,170)	$(21,261)
Capital expenditures yet to be financed	9,610	5,712
Net unexpended capital financing	$(17,560)	$(15,549)
Capital expenditures yet to be financed are to be financed in future years as follows:		
Long term liabilities	$ 6,602	$ 3,323
Developer recoveries	623	810
Other	2,385	1,579
	$ 9,610	$ 5,712

Approval of the Ontario Municipal Board has been received for future issuance of the long term liabilities.

12. PUBLIC LIABILITY INSURANCE

Halton has a comprehensive program of risk identification, evaluation and control to minimize the risk of injury to its employees and to third parties and to minimize the risk of damage to its property and the property of others. Halton uses a combination of self insurance and purchased insurance to protect itself financially against the risks that it cannot reasonably control.

Halton is self insured for public liability claims of up to $100,000 for any individual claim and $100,000 for multiple claims arising out of a single occurrence. Purchased insurance coverage is in place for claims in excess of these limits to a maximum of $7,000,000.

Halton has established a reserve fund for self insurance which as at December 31, 1988 totaled $1,509,000 (1987 - $1,302,000) and is reported on the Statement of Reserves and Reserve Funds as the Self-Insurance Reserve Fund. The provision of $132,000 for the year (1987 - $118,900) has been reported as a transfer to reserves on the Statement of Current Operations.

Claims settled within the prescribed deductible during the year amounted to $47,873 (1987 - $14,319) and have been reported as an expenditure on the Consolidated Statement of Operations.

There were no major unsettled claims as at December 31, 1988.

13. CONTRIBUTIONS TO LOCAL BOARDS AND AGENCIES

The following contributions were made by Halton to these Boards and Agencies:

(Dollars in Thousands)

	1988	1987
Contributions Towards Current Operations		
Conservation Authorities	$1,572	$1,503
Halton's Children's Aid Society	1,113	1,022
Royal Botanical Gardens	283	206
Others	670	579
	$3,638	$3,310
Contributions Towards Capital Operations		
Local Area Hospitals	$1,231	$2,107
Conservation Authorities	87	93
Royal Botanical Gardens	–	60
	$1,318	$2,260

14. SUBSEQUENT EVENT

On February 22, 1989, Council authorized the implementation of a Commercial/Industrial Lot Levy which is to be collected for commercial and industrial lands processed through subdivision agreements executed after October 19, 1988. The lot levy revenue to be collected for subdivisions executed between October 19, 1988 and December 31, 1988 is $934,000. This amount has not been reflected in the financial statements as at December 31, 1988.

15. COMPARATIVE FIGURES

Prior year figures have been reclassified to conform with the current year's presentation.

SIX YEAR FINANCIAL STATISTICS

THE REGIONAL MUNICIPALITY OF HALTON
SIX YEAR FINANCIAL STATISTICS

(Dollars in Thousands)

CONSOLIDATED FINANCIAL POSITION	1988	1987	1986	1985	1984	1983
Current assets	$115,680	$ 94,221	$ 72,202	$ 61,503	$ 49,275	$ 33,297
Long term assets	58,532	59,002	62,568	65,024	67,465	68,363
Total assets	$174,212	$153,223	$134,770	$126,527	$116,740	$101,660
Current liabilities	$ 25,612	$ 19,550	$ 17,017	$ 14,008	$ 10,850	$ 10,184
Net long term liabilities	58,532	59,002	62,568	65,024	67,465	68,363
Municipal equity						
Net unexpended capital financing	17,560	15,549	10,879	12,313	11,136	4,203
Reserves	24,830	19,357	14,635	14,661	12,895	9,669
Reserve funds	47,678	39,765	29,671	20,521	14,394	9,241
	90,068	74,671	55,185	47,495	38,425	23,113
Total liabilities & municipal equity	$174,212	$153,223	$134,770	$126,527	$116,740	$101,660
OPERATIONS						
Current Revenues by Source						
Property taxes	$ 37,473	$ 34,083	$ 30,800	$ 27,810	$ 26,256	$ 24,465
Water billings	16,950	15,933	14,165	13,465	11,677	10,190
Sewer surcharge	18,349	17,516	15,717	15,039	13,476	13,132
Ontario grants	33,008	29,076	26,352	24,219	22,343	22,244
Other revenue	20,672	16,712	13,253	11,450	9,788	7,863
	126,452	113,320	100,287	91,983	83,540	77,894
Current Expenditures by Function						
General government	5,360	4,738	4,253	3,970	3,721	3,504
Protection to persons and property	26,726	24,469	22,569	20,422	18,971	18,042
Transportation services	2,633	2,674	2,537	2,590	2,754	2,796
Environmental services	44,284	38,497	34,529	30,763	26,794	25,663
Health services	6,058	5,484	4,921	4,399	4,074	4,156
Social and family services	23,238	20,608	17,966	15,959	14,182	13,770
Recreation and cultural services	613	589	474	489	400	416
Planning and development	1,781	1,551	1,435	1,287	1,251	1,277
Net appropriations to own funds	8,245	7,237	6,836	7,322	6,774	5,344
	118,938	105,847	95,520	87,201	78,921	74,968
Accumulated net revenue appropriated to reserves	$ 7,514	$ 7,473	$ 4,767	$ 4,782	$ 4,619	$ 2,926
Capital Financing by Source						
Contributions from own funds	$ 20,032	$ 15,065	$ 16,122	$ 12,659	$ 10,128	$ 8,958
Long term debt issued	9,059	6,178	6,360	3,795	4,000	4,560
Ontario grants	7,998	6,032	2,931	4,402	2,477	3,177
Contributions from developers	7,179	7,412	1,955	751	3,324	1,377
Other	3,203	2,733	2,991	2,475	2,316	1,794
	$ 47,471	$ 37,420	$ 30,359	$ 24,082	$ 22,245	$ 19,866
Capital Expenditures by Function						
General government	$ 1,092	$ 298	$ 1,871	$ 99	$ 81	$ 96
Protection to persons and property	1,779	661	975	2,615	1,309	2,385
Transportation services	6,320	4,122	5,766	4,109	4,764	4,183
Environmental services	34,219	24,732	18,580	14,471	8,596	7,506
Health services	1,269	2,162	2,340	1,204	268	33
Social and family services	407	336	329	394	279	168
Recreation, cultural and planning services	374	439	144	13	15	87
	$ 45,460	$ 32,750	$ 30,005	$ 22,905	$ 15,312	$ 14,458

THE REGIONAL MUNICIPALITY OF HALTON
SIX YEAR FINANCIAL STATISTICS

	1988	1987	1986	1985	1984	1983
REVENUE SOURCES						
Taxable Assessment ($ Thousands)						
Residential & farm	$737,754	$579,702	$541,566	$526,739	$516,748	$502,317
Commercial & industrial	249,394	239,937	230,440	225,978	219,066	219,206
	$987,148	$819,639	$772,006	$752,717	$735,814	$721,523
Per Capita	$ 3,505	$ 2,970	$ 2,857	$ 2,846	$ 2,819	$ 2,801
Equalized assessment ($ Millions)	unavailable	$18,956	$14,489	$11,446	$10,569	$9,711
Value of New Building Permits ($ Thousands)						
Residential	$514,206	$520,301	$349,571	$194,285	$121,029	$94,810
Commercial & industrial	$176,156	$148,841	$91,857	$72,124	$53,126	$26,333
Average Resident's Regional Property Taxes and User Charges (to nearest cent)						
Property taxes	$217.18	$212.36	$201.96	$189.29	$182.26	$168.87
Water billings	114.39	113.50	111.66	106.24	97.87	84.02
Sewer surcharge	137.05	135.37	133.48	130.87	125.11	120.90
	$468.62	$461.23	$447.10	$426.40	$405.24	$373.79
Utility Volumes						
Water flows (thousands of cubic metres)	46,106	42,738	38,181	39,217	36,811	36,189
Sewer flows (thousands of cubic metres)	40,085	37,773	34,185	34,520	34,391	33,801
Landfill (billable tonnes)	204,764	203,658	200,951	185,502	177,508	166,012
LONG TERM LIABILITIES						
Debt Structure						
Long term debt ($ Thousands)						
General	$ 5,758	$ 6,590	$ 7,245	$ 8,040	$ 8,547	$ 7,978
Utilities	52,392	51,124	53,089	54,094	56,792	59,085
	$58,148	$57,714	$60,334	$62,134	$65,339	$67,063
Debt Servicing						
Debt charges ($ Thousands)						
General	$ 1,532	$ 1,636	$ 1,715	$ 1,696	$ 1,558	$ 1,532
Utilities	12,590	12,967	12,618	11,797	10,728	10,946
	$14,122	$14,603	$14,333	$13,493	$12,286	$12,478
Debt Analysis (to nearest cent)						
Debt per capita	$206.44	$209.15	$223.28	$234.91	$250.31	$260.38
Debt charges per capita	$ 50.14	$ 52.92	$ 53.04	$ 51.01	$ 47.07	$ 48.45
Reserves/outstanding debt	124.7%	102.4%	73.4%	56.6%	41.8%	28.2%
Debt charges/total revenue	11.2%	12.9%	14.3%	14.7%	14.4%	15.6%
STATISTICAL						
Area in hectares	97,640	97,640	97,640	97,640	97,640	97,640
Population	281,668	275,944	270,221	264,498	261,027	257,556
Households	102,233	97,825	93,277	90,250	88,442	86,982
Building permits issued:						
Residential	4,373	5,863	4,870	2,510	2,409	2,135
Commercial & industrial	742	741	659	549	501	418
Continuous full time employees						
Police	471	455	444	429	420	409
Other	912	871	803	788	766	761